

Social innovation as a learning process

Attila Havas, Institute of Economics, CERS
György Molnár, Institute of Economics, CERS

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Extended abstract

Most scholars studying social innovation (SI) tend to juxtapose social and technological innovations. We offer a different distinction based on the primary objective of innovation activities. In case the primary objective is improving the performance of a firm (e.g. increasing its productivity, profits, and/or market share) we can speak of business innovation as opposed to other innovation activities of which primary objective is tackling a societal problem or creating new opportunities, that is, when actors are engaged in social innovation. Thus, it is important to distinguish the objective of innovation, on the one hand, and its 'nature' or 'subject', that is, what is being changed as a result of certain innovation activities, on the other. From a different angle, both technological changes and non-technological ones can serve either business or societal objectives – just as their combinations.

Most SI definitions aspire to identify the essential features of social innovation. Undoubtedly, these can be appropriate in certain cases, but given the diversity of SI processes, cannot be applied across the board. The plethora of SI definitions also demonstrate that it is impossible to construct a generic and essentialist SI definition. Therefore, we propose a generic and nominal – non-essentialist – definition: *Social innovations are novel initiatives or novel combinations of known solutions, aimed at tackling a societal problem or creating new societal opportunities, applied in practice.*

Societal problems can be identified by a person, a social group affected by the problem, external actors, or jointly. Similarly, potential new societal opportunities can be identified by a social group, which is likely to benefit from this new opportunity, external actors, or jointly. The level of intended changes and the type of intended changes should be determined when an actual SI is analysed. The same goes for the outcomes and impacts of a given SI.

One implication of our proposed definition is the distinction between social change and social innovation. The former can be an intended or unintended result of various processes, while in the case of the latter there is always an intention to achieve certain changes to tackle a societal problem or create new societal opportunities.

There are three distinctive features of our new SI definition. *First*, it stresses the intention of social innovators, but does not ‘request’ that a given social innovation must achieve its objectives. It can be, therefore, applied to analyse failed social innovations, partially successful ones, or those with mixed impacts. By analysing these various types of SI, practitioners and policy-makers can learn valuable lessons. *Second*, it can be tailored to an actual case, as several important characteristics of an SI process can be added (determined) on a case-by-case basis, in particular the level and type of intended changes, as well as the main actors, who initiate the SI process. From a different angle, it doesn’t ‘prescribe’ any stage of SI processes, let alone the sequence of these stages. *Third*, it draws the attention of SI analysts, policy-makers, and practitioners to those SI processes, which intend to create new societal opportunities, i.e. it goes beyond the approach when attempts to tackle a societal problem are considered only.

Given these features, social innovation is understood as a learning process. This is the essence of the multi-channel interactive learning model of social innovation, we propose in this paper.

Although both business and social innovations have been studied for several decades, these two communities still live in their fiefdoms. More interactions are needed between these two ‘tribes’ for mutual learning. In that spirit, we offer a new model of SI by relying on the multi-channel interactive learning model of business innovation (Caraça et al. 2009). Two versions of the so-called linear model of business innovation had been dominant for decades both in the literature and the mindset of policy-makers and practitioners: the science-push and the demand-pull model. Both models describe innovation as a linear process. In contrast, the multi-channel interactive learning model of business innovation does not intend to identify ‘stages’ of innovation. Instead, it recognises major actors, the type of knowledge they possess, their main types of activities, typical modes of producing, disseminating and utilising knowledge, as well as ways and objectives of co-operation among the major actors, facilitated by various interfaces. In short, this is the micro environment of a given innovation process. It also considers the mezzo level, that is, the sectoral systems of innovation, and the macro environment, composed of the education and training system, the information infrastructure, regulations (and regulators), and the financial system. This model stresses that innovation is an interactive process, in which feedbacks and iterations and collaboration among various partners are crucial, as these partners possess different types of knowledge, which are all indispensable for a successful innovation activity. Hence, this model can be used as a ‘focussing device’ when analysing an actual business innovation process – not as a description of a ‘typical’ innovation process.

In a similar vein, we propose a multi-channel interactive learning model of SI as a focussing device, not as a descriptive, ‘stage model’. Our intention is to identify the potential major actors in a SI process, their main types of activities, typical modes of producing, disseminating and utilising knowledge, as well as ways and objectives of co-operation among the major actors, together with the interfaces connecting them. We also consider the mezzo and macro environment of SI, composed of the education and training system, the cognitive frame on SI, the policy governance system for SI, the information infrastructure available for social innovators, regulations (and regulators), and the funding opportunities for SI.

We illustrate the relevance of this proposed new model by two real-life cases (the Kiútprogram [Way out programme] in Hungary and micro lending) and suggest further research to analyse different types of cases. That might lead to a clearer and thus more practical distinction between SI and social enterprise (social entrepreneurship).

We offer several conclusions. Having reviewed dozens of definitions of social innovations, we strongly suggest reconsidering the widely used dichotomy of social vs. technological innovation. It is more relevant and fruitful to distinguish between the underlying objectives of a given innovation, that is, addressing a societal challenge vs. making profits. Hence, the distinction between social vs. business innovation is the appropriate one.

Moreover, thorough longitudinal case studies of social innovations, e.g., those on social housing and fresh water supply (Schimpf *et al.* 2019; Schimpf and Ziegler 2019), clearly indicate that in many cases social innovations can only be successful when supported by various types of business innovations, be they product, process, management, organisation, business model or market innovations. Social innovations, therefore, need to be considered in science, technology, and innovation policy-making processes as well, not only by social innovation policy-makers.

For these reasons we have also proposed a new understanding of social innovation as

- novel initiatives or novel combinations of known solutions to tackle societal problems or create new societal opportunities, applied in practice
- an interactive learning process: new initiatives are devised and introduced by various actors: those who are in need, or can benefit from the new opportunities, ‘external’ social innovators, or jointly by these actors
- a co-evolutionary process of
 - social innovation and required or ‘parallel’ (‘supportive’ business innovations
 - various social innovations.

This new understanding of SI would be relevant for analysts, practitioners, and policy-makers.

We have also recognised the diversity of actors involved; of the types and sources of knowledge generated, diffused, and exploited; as well as of the types of interactions among the actors in SI processes. Hence, we have concluded that the multi-channel interactive model of SI is more relevant than the ‘stage’ – or linear – models of SI. We have illustrated the relevance and benefits of using this new model by characterising three cases through this ‘lens’.

The model can also assist social innovation policy-makers, policy analysts and guide practitioners when devising and implementing social innovations. Most importantly, social innovation – just as business innovation – is a cumulative, path-dependent, and interactive process involving different types of actors whose knowledge and accumulated experience are crucial for the successful introduction of new solutions. Implementing, and especially diffusing, these new solutions are learning and adjustment processes: accumulating experience of a given SI process, including systematically sought feedbacks from

participants, needs to be analysed and reflected upon continuously, most likely leading to modified internal rules and methods. The likely changes in external circumstances, especially the regulatory environment, also require flexibility from SI practitioners.

Social innovation policy-making also needs to be understood as a learning process. The usually rigid support schemes need to be eased to allow for more flexible implementation of SIs without compromising the original, fundamental policy objectives.

Our new approach has also pointed to the need to more systematically study how the cognitive frames of various actors – especially in their interactions with institutions, and social networks of these actors – affect business innovations.

Directions for future work include the analysis of further, different types of real-life cases – that is, historical case studies of social innovation, e.g., water supply (Schimpf and Ziegler 2019), as well as contemporary cases, e.g., consumers' groups (Maestriperi 2017) – using our proposed definition and model of SI. Then we might need to revise the proposed new definition and model of SI in light of more case studies and that of an extended literature review.